SUMMARY OF SETTLEMENT AGREEMENT

A *Settlement Agreement Regarding Coastal Development Permit for Storage of San Onofre Spent Nuclear Fuel* ("Settlement Agreement") has been reached between Southern California Edison ("SCE") and Citizens Oversight, Inc. and Patricia Borchmann (collectively, "Plaintiffs"). The Settlement Agreement results in SCE using its efforts to relocate the spent nuclear fuel off site and the dismissal of the lawsuit filed by Plaintiffs in 2015. The San Diego Superior Court retains jurisdiction to enforce the settlement terms.

Relevant Background

- In 2000, the California Coastal Commission ("Commission") issued a coastal development permit ("CDP") authorizing the construction of a dry storage facility (known as an Independent Spent Fuel Storage Installation ("ISFSI")) at the San Onofre Nuclear Generating Station ("SONGS") to store Unit 1 spent nuclear fuel.
- In 2001, the Commission approved an expansion of this ISFSI to store spent fuel from Units 2 and 3.
- Upon retirement of SONGS in 2013, approximately two-thirds of the spent fuel from Units 2 and 3 remained in "wet" storage pools.
- On October 6, 2015, the Commission approved a CDP ("2015 CDP") authorizing the construction of an additional on-site ISFSI to accommodate the transfer of all spent fuel to dry cask storage.
- On November 3, 2015, Plaintiffs filed a legal action in San Diego Superior Court challenging the Commission's approval of the 2015 CDP.

Interests Driving Settlement

- SCE believes the long-term, permanent storage and disposal of the SONGS spent nuclear fuel ("Spent Fuel") is the legal responsibility of the U.S. Department of Energy ("DOE"). However, the DOE has yet to discharge its responsibility and take possession of the Spent Fuel.
    - Until it is transferred to the DOE or under contract to an NRC-licensed third party, SCE will continue to maintain ownership of the Spent Fuel.
- Plaintiffs desire to expedite the transfer of the Spent Fuel to an inland location because they believe that will benefit the local community.
- Plaintiffs and SCE have a shared interest in relocating the Spent Fuel to an offsite, NRC-licensed facility operated by either the federal government or a third party (an "Offsite Storage Facility"). It is this shared interest that forms the basis of the Settlement Agreement.

Key Terms

- Pending development of a permanent DOE repository for the Spent Fuel, SCE shall use "Commercially Reasonable" efforts to relocate the Spent Fuel to an Offsite Storage Facility.
    - The "Commercial Reasonableness" standard ensures that any actions taken under the Settlement Agreement are prudent and take into account a number of factors including technical feasibility, costs, and utility customer interests.
- To facilitate SCE's efforts to relocate the Spent Fuel offsite, SCE shall spend up to $4,000,000 on the following "SCE Commitments":
    - Maintain an "Experts Team" to advise SCE on any proposed relocation of Spent Fuel;

    - Develop a conceptual plan for the offsite transportation of Spent Fuel;
    - Develop a strategic plan ("Strategic Plan") to support the development of a Commercially Reasonable Offsite Storage Facility;
    - Make a formal, written request to the owners of Palo Verde regarding the development of an expanded ISFSI to store Spent Fuel;
    - Develop the Inspection and Maintenance Program for the 2015-approved ISFSI by October 6, 2020; and
    - Develop a written plan addressing contingencies for damaged or cracked canisters consistent with NRC regulations and requirements by October 6, 2020.
- To keep the Plaintiffs and other stakeholders apprised of SCE's progress, the Settlement Agreement also calls for SCE to:
    - Provide Plaintiffs with a report regarding its progress in fulfilling the SCE Commitments, then reporting at prescribed intervals thereafter until completed; and
    - Provide Plaintiffs with a monthly progress report on the transfer of Spent Fuel from the "wet" pools to the ISFSI.
- SCE will implement actions or recommendations identified in the Strategic Plan subject to certain conditions, such as California Public Utilities Commission ("CPUC") approval of the costs associated with transfer of the Spent Fuel to a Commercially Reasonable Offsite Storage Facility.
- SCE's obligations under the Settlement Agreement expire when/if:
    - The SCE Commitments are satisfied and neither an Offsite Storage Facility or implementation of the Strategic Plan are Commercially Reasonable; or
    - Laws prohibit relocation of the Spent Fuel; or
    - An NRC-licensed, Offsite Storage Facility agrees to accept the Spent Fuel on Commercially Reasonable terms; or
    - A permanent DOE facility is NRC-licensed to store the Spent Fuel; or
    - The initial term of the 2015 CDP expires in 2035.
- In exchange for SCE's Commitments, Plaintiffs shall dismiss their legal challenge with prejudice. This allows for SCE to complete the ISFSI and to transfer all Spent Fuel to dry storage pending the availability of an Offsite Storage Facility. Plaintiffs also commit to supporting the Settlement Agreement in current and future proceedings.